GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3087
ANSWERED ON:07.12.2001
BANK LENDING RATES
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a) whether Andhra Bank has sought permission from RBI to close down a number ofbranches of the bank in rural areas of Andhra Pradesh;

(b) if so, the number of branches for which permission has been sought during 2001- 2002;

(c) the reaction of RBI to this request of Andhra Bank; and

(d) the steps taken by RBI to ensure that the banking sector in rural areas should not decline?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): Reserve Bank of India (RBI) has reported that during the years 2000 and 2001, AndhraBank had sought their permission to convert the following rural branches into satellite offices in Andhra Pradesh.

Name of Branch	Name of District	Name of State
1. Darbharevu	West Godavari	Andhra Pradesh
2. Kambaladinne	Prakasam	Andhra Pradesh
3. Seetharampuram	Prakasam	Andhra Pradesh
4. Guravajipet	Prakasam	Andhra Pradesh
5. Y. Cherlopalli	Prakasam	Andhra Pradesh
6. Appirajupally	Warangal	Andhra Pradesh

(c): As the branches at Serial .Nos. 1 to 5 are not loss making branches as per information submitted by the bank, the bank`s request for their conversion into satellite offices was not acceded to by RBI.The branch at Serial. No. 6 was a loss-making branch. It was, therefore, allowed to be converted to a satellite office with base office at Gudur branch. The bank`s proposal had been approved by its Board and it had also the approval of the District Consultative Committee. The satellite office is working for 3days a week and is catering to the banking needs of the place.

(d): As per instructions issued to banks, closure of rural branches requires prior permission of RBI.Further, while closure of the loss making branches at rural centers having a single commercial bank branch is not permitted, at centers served by two commercial bank branches (excluding that of RRBs),the decision for closure of one of the branches may be taken by the banks by mutual consultation without involving State Government and District Consultative Committee, after giving due notice tothe constituents of the branches which are proposed to be closed. Banks are advised to submit their proposals for closure of rural branch (other than single bank branch) to the concerned regional office of RBI, under whose jurisdiction the center falls, duly approved by their Board of Directors.